



OFFICE OF CHIEF COUNSEL FOR ADVOCACY

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Access Charge Reform)	CC Docket No. <u>96-262</u>
)	
Price Cap Performance Review for)	CC Docket No. 94-1
Local Exchange Carriers)	
)	
Consumer Federation of America et al.,)	RM-9210
Petition for Rulemaking)	
)	
MCI Telecommunications Corp., Emergency)	CC Docket No. 97-250
Petition for Prescription)	

COMMENTS
OF THE OFFICE OF ADVOCACY
UNITED STATES SMALL BUSINESS ADMINISTRATION

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I. Introduction

The Office of Advocacy of the United States Small Business Administration ("Advocacy") submits these Comments in response to the Federal Communications Commission's ("FCC" or "Commission") Public Notice to solicit comments to refresh the record in the Access Charge Reform and related proceedings.¹ Congress established the Office of Advocacy in 1976 by Pub. L. No. 94-305 (codified as amended at 15 U.S.C. §§ 634 a-g, 637) to represent the views and interests of small business within the Federal government. Its statutory duties include serving as a focal point for concerns regarding the government's policies as they affect small business, developing proposals for changes in Federal agencies' policies, and communicating these proposals to the agencies. 15 U.S.C. § 634c(1)-(4). Advocacy also has a statutory duty to monitor and report on the FCC's compliance with the Regulatory Flexibility Act of 1980 ("RFA"), Pub. L. No. 96-354, 94 Stat. 1164 (1980) (codified at 5 U.S.C. § 601 et seq.), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 ("SBREFA"), Subtitle II of the Contract with America Advancement Act, Pub. L. No. 104-121, 110 Stat. 857 (1996). 5 U.S.C. § 612(a).

Advocacy has commented previously in the above-captioned proceedings.² Advocacy applauds the Commission's reconsideration of its Access Charge Reform proceeding. We also remind the Commission of its statutory duty, pursuant to the RFA, to ascertain the practical

¹ Commission Asks Parties to Update and Refresh Record for Access Charge Reform and Seeks Comment on Proposals for Access Charge Reform Pricing Flexibility, *Public Notice*, FCC 98-256 (Oct. 5, 1998).

² *Ex parte* Comments of the Office of Advocacy, U.S. Small Business Administration to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45, 96-262, 94-1, 91-213, 96-262 (April 29, 1997); *Ex parte* Comments of the Office of Advocacy, U.S. Small Business Administration to the *First Report and Order, Order on Reconsideration, and Second Order and Memorandum Opinion and Order* in CC Dkt. No. 96-262, 94-1, 91-213, 96-262 (Nov. 21, 1997) ("Advocacy RFA Comments"); Reply Comments of the Office of Advocacy, U.S. Small Business Administration to the Consumer Federation of America, et al., *Petition for Rulemaking* in CC Dkt. No.

impact on all classes of small entities³ as part of its consideration of Bell Atlantic's and Ameritech's pricing flexibility proposals, in addition to MCI's Emergency Petition for Prescription (CC Dkt. No. 97-250, CCB/CPD No. 98-112 (Feb. 24, 1998)), with particular attention to mitigating economic harm to small business consumers. Advocacy believes that the information submitted in this Comment will assist the Commission in these efforts.

II. Small Business Consumers Continue To Be Disproportionately Harmed By The FCC's Access Charge Reform Proceeding.

Advocacy has observed changes in the level of competition of the marketplace and remains unconvinced given available evidence that there is widespread competition and realistic-choice of local service providers for small business end-users, particularly in rural areas. The lack of competition for local service and thus, lower rates, is of great concern to Advocacy, especially given the cumulative impact of small business' increase in telephone bills for long distance service and toll free service.⁴ Furthermore, Advocacy is concerned that the FCC will continue to rely on the pass-through of access charge savings by IXCs to end users in the form of lower rates as the lynch pin of its access charge reform policies. The FCC's presumption that these rate savings would, and in the future, offset increases in flat rate fees for end-users, whether such fees are directly or indirectly imposed by the FCC, was flawed for the following reasons:

96-262, 94-1, 91-213, 96-262 (Feb. 17, 1998).

³ Small entities impacted in these proceedings may include incumbent local exchange carriers ("ILEC"), competitive local exchange carriers ("CLEC"), Internet service providers ("ISP"), enhanced service providers ("ESP"), interexchange carriers ("IXC"), and consumers (or end-users).

⁴ Such increases for toll free service are due to the FCC's implementation of Section 276 of the Telecommunications Act of 1996, which mandates that payphone service providers be fairly compensated for all telephone calls made from a payphone. The FCC imposed a per call fee to be paid by toll free carriers to payphone service providers and allowed such fees to be passed on to the toll free subscriber. *See, e.g., In re Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Dkt. No. 96-128, *Report and Order*, 11 FCC Rcd 20,541 (1996); *see also* Letter from S. Jenell Trigg, Assistant Chief Counsel for Telecommunications, Office of Advocacy, U.S. Small Business Administration, to Magalie Roman Salas, Secretary, Federal Communications Commission (Jan. 12, 1998) ("While it was expected that such charges could be passed on by the carrier, it appears that it was not expected that small businesses would incur cost increases in the tens of thousands of dollars per year.") (citation omitted).

- 1) There was and remains no guarantee that all IXC's would pass-through voluntarily 100% of such savings.
- 2) There was and remains no guarantee that all IXCs would pass through voluntarily such savings proportionately and equitably to all of its end-users, specifically small businesses.
- 3) Even if small business end-users received per minute rate savings, such savings may not be sufficient to offset increased flat-rate fees such as Subscriber Line Charges ("SLC") and Presubscriber Interexchange Carrier Charges ("PICC") – especially for lower volume users.

Advocacy has also argued previously that the FCC did not analyze properly the impact of its current access charge reform decision on all classes of small businesses, as mandated by the RFA.⁵ In fact, the FCC's failure to undertake a sufficient analysis on the impact of small business end-users has been a major catalyst for consumer, industry, and congressional criticism of its policies. It is important to analyze the economic impact on all classes of small entities, during the review of these new proposals– and not a post hoc analysis only after such policy deliberations are over.

III. NERA Study Provides Economic And Statistical Proof That The Commission Relied On A Faulty Premise For Its Access Charge Reform.

Although Advocacy requested in March 1998, that the Commission include a breakdown of rate savings and surcharges by consumer class (i.e. residential, small business, and large business consumers) in its investigation of MCI's, Sprint's, and AT&T's alleged pass-through of access charge savings via lower rates,⁶ it is our understanding that the FCC has not received

⁵ Advocacy RFA Comments, at 2.

⁶ Letter from Jere W. Glover, Chief Counsel for Advocacy, and S. Jenell Trigg, Assistant Chief Counsel for Telecommunications, Office of Advocacy, U.S. Small Business Administration to William E. Kennard, Chairman,

sufficient information on this subject. The major IXCs' reliance on programs such as MCI's "Five Cent Sundays" and Sprint's "Friday's Free" as rate savings is misplaced when applied to the needs of small business consumers. For example, "Five Cent Sundays" may be great for Grandma and the kids, but it does nothing for a small business that needs to do business during traditional business days, which is Monday through Friday. Moreover, Advocacy believes that there have been adjustments in the parameters of peak and non-peak hours, or minimum billing amounts necessary to receive promotional benefits that serve to undermine purported benefits of lower rates to small business customers.⁷

Notwithstanding the numerous complaints to the FCC and many State Public Utilities/Service Commissions from small businesses triggered by the January 1998 effective date of the PICC and additional Universal Service Fund ("USF") surcharges imposed by many IXCs, this anecdotal evidence has been the only proof of the detrimental impact of the FCC's access charge reform rules on small businesses -- until now.

To supplement the record in this proceeding and to substantiate and complement the anecdotal evidence noted above, Advocacy submits, *"Flowthrough of January 1, 1998 Access Charge Changes to Small Business Customers,"* a study by the National Economic Research Associates ("NERA"), a renowned international economic consulting firm founded in 1961.⁸ The NERA Study not only documents statistically that small business consumers in the northeastern states⁹ have not been the beneficiaries of the FCC's access charge reform policies given net

Federal Communications Commission (Mar. 3, 1998).

⁷ *Id.* at 2.

⁸ Paul S. Brandon, *Flowthrough of January 1, 1998 Access Charge Changes To Small Business Customers*, National Economic Research Associates, Sept. 17, 1998 (Appendix A) ("NERA Study"). This study was commissioned by Bell Atlantic and has been used by the Office of Advocacy with permission.

⁹ Six states were sampled in this study, Maine, Massachusetts, New York, New Hampshire, Rhode Island, and Vermont. We encourage other economic analyses of the flowthroughs of access charges for small business on a regional and national basis.

increases in telephone bills driven by a 26 percent increase in IXC's profit margins, but also concludes that there is "no evidence that the long distance carriers would pass on any future decreases in access charges to small business customers." *Id.* at 6. Advocacy believes that this scenario is replicated throughout the country, particularly since the sampled states represent a comparable cross-section of urban and rural areas.

The following are highlights of the NERA Study:

1. Major IXCs failed to pass on to small business customers the larger reductions in per-minute access charges, and instead increased per-minute toll rates paid by its small business customers an average of \$0.003. With a reduction in IXCs' access cost of \$0.011 per minute – this results in an average rate net increase of \$0.014. *Id.* at 5.
2. Major IXCs were more likely to pass on PICC and USF charges to small business customers, resulting in an average increase in per-line charges (based on per conversation minute) of \$0.012 and \$0.009, respectively. *Id.*
3. Some IXCs appear to be charging customers 3.19 percent of their total long distance bill – interstate, international, and intrastate combined. *Id.* at 6 n.13.
4. Major IXCs are charging their small business customers about 40 percent more in per line and USF charges than the carriers actually pay. *Id.* at 6.
5. The aggregate effect of increased per minute toll rates with the pass-through of PICC and USF charges results in a net total cost to a small business end user of \$0.024 more per conversation minute.

The NERA Study substantiates Advocacy's concern that small businesses have disproportionately and unfairly shouldered the burden of access charge reform. While it was designed by the Commission that businesses with multiple lines would implicitly subsidize primary residential lines on an interim basis during the Commission's transition period to explicit subsidies,¹⁰ it was not anticipated by the Commission (although raised by Advocacy) that IXCs would fail to pass-through access charge savings to its small business customers in the same

¹⁰ *In re Access Charge Reform, et al.* (CC Dkt. 96-262), *First Report and Order*, 12 FCC Rcd 15,982, paras. 72-74

proportions that the IXCs received in lower per minute access charges.¹¹ Furthermore, the FCC did not foresee additional USF surcharges and higher per minute rates imposed by the IXCs on small business customers. This result does not make good public policy nor economic sense given that small businesses operate at the margins. Increases in fixed costs, with no increase in value or service, simply undermines the ability of small businesses to sustain business operations and to compete on a more level playing field.

IV. Advocacy Recommends That Any Further Reductions In Access Charges Be Conditioned On A Pass-Through Of Savings Proportionately For Small Business Consumers.

For the record, Advocacy does not comment at this time whether or not there should be further reductions in access charges. However, Advocacy recommends that if further access charge reductions are to be made by the Commission, given the inadequacies of the current scheme, that the Commission mandate that IXCs reduce rates for all end users proportionately to the access charge savings the IXC receives. Every measure must be taken to ensure that small business consumers are not handicapped further.

V. The Eighth Circuit's Affirmation of the FCC's Access Charge Order Does Not Prevent nor Preclude the FCC from Addressing Properly the Small Business Impact of Its Rules.

Advocacy acknowledges that the U.S. Court of Appeals for the Eighth Circuit upheld the Commission's Access Charge Reform's *First Report and Order*, including the imposition of increased SLCs and the new PICC on multiple line businesses and non-primary residential lines.¹²

(1997).

¹¹ See "The Average Small Business is a Winner" Chart presented by FCC Chief Economist at May 7, 1997, Public Meeting (estimating a per minute savings of \$31 for an average small business with four lines and a total long distance bill of \$375). Advocacy notes that the NERA Study sample criteria was a small business with less than \$1000 a month – a higher amount than the FCC study based its projected savings.

¹² Southwestern Bell Telephone Co. v. Federal Communications Commission, No. 97-2618, LEXIS 20479, to be reported at 153 F.3d 523 (8th Cir. 1998).

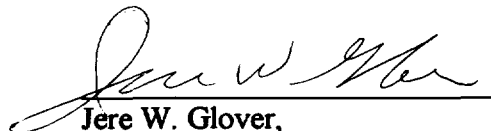
The court found that the Commission's access charge reform scheme had balanced appropriately its concern that universal service would be threatened if the Commission raised the SLCs on primary residential lines.¹³ However, whether this scheme imposes a significant economic impact on small business consumers is separate and distinct from the Commission's authority to devise a scheme as a means to protect universal service. Moreover, the two issues originate from two separate statutes; small business impact is under the RFA and the Commission's discretion to promulgate rules is under the Communications Act of 1934, as amended by the 1996 Act. Additionally, two separate classes of entities are involved, small business consumers and small ILECs. We note that the issue of whether the FCC properly addressed the significant economic impact on small businesses pursuant to the RFA, on any of the issues raised on appeal, was not before the court. Therefore, the Eighth Circuit decision cannot be interpreted broadly to infer that the significant economic impact on small business end-users due to higher SLCs and new PICCs was also acceptable as a matter of law. The FCC still has the duty to address the problem of significant economic impact caused by increased telephone bills of small businesses across the country, notwithstanding the affirmation of its *First Report and Order*.

¹³ *Id.* at *12.

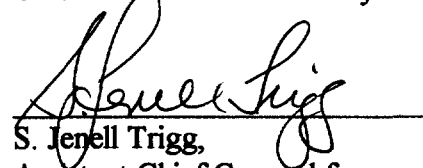
VI. Conclusion

In summary, the Office of Advocacy respectfully requests that the Commission condition any further reductions of access charges on the pass-through of such savings by IXCs proportionately to each class of customer, including small business consumers. We also strongly encourage the Commission to undertake a complete regulatory flexibility analysis, during its deliberations, on all small entities impacted in this proceeding – especially small business consumers. The supplemental evidence submitted in this Comment documents that small businesses have been disproportionately harmed and have unfairly carried the burden of access charge reform by the Commission's previous decisions.

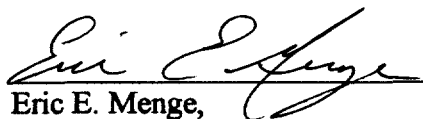
Respectfully submitted,



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CERTIFICATE OF SERVICE

I, S. Jenell Trigg, of the Office of Advocacy, U.S. Small Business Administration, do hereby certify that on this 26th day of October, 1998, I have served a copy of the attached document via hand delivery or first-class mail (designated by "**") on the following:

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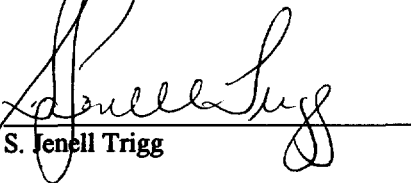
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APPENDIX A

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**FLOWTHROUGH OF JANUARY 1, 1998 ACCESS CHARGE
CHANGES TO SMALL BUSINESS CUSTOMERS**

by

Paul S. Brandon

September 17, 1998

FLOWTHROUGH OF JANUARY 1, 1998 ACCESS CHARGE CHANGES TO SMALL BUSINESS CUSTOMERS

I. INTRODUCTION AND SUMMARY

Federal Communications Commission Chairman William E. Kennard recently referred to "the growing body of evidence that suggests that the nation's largest long distance companies are raising rates when their costs of providing service are decreasing."¹ He refers particularly to the lack of reductions in long distance carriers' per-minute rates after the local exchange carriers substantially reduced per-minute access charges on January 1, 1998. The evidence is especially extensive that the long distance carriers have failed to pass through access charge reductions to residential customers in recent years.² For at least seven years, AT&T has been increasing the interstate long distance rates it charges to residential customers even though interstate access charges have fallen substantially.³ That result holds whether one examines basic rates or average rates. There is thus no reasonable prospect that any future access charge reductions would be passed through to residential customers. AT&T's increasing rates relative to costs is also clear evidence that the residential long distance market is inadequately competitive.

¹ See, e.g., William E. Kennard, letter to Bert Roberts, CEO of MCI (February 26, 1998).

² See, e.g., (1) Paul S. Brandon, "AT&T's 1997 Rate Changes" (February 27, 1998); (2) DataQuest, "Public Telephone Services North American: Market Analysis" (March 2, 1998), pp. 1-3; (3) Keep America Connected, "Still in Search of Savings" (May 25, 1998); (4) Paul W. MacAvoy, *The Failure of Antitrust and Regulation to Establish Competition in Long-Distance Services* (Cambridge, MA and Washington, DC: MIT Press and AEI Press, 1996), pp. 105-174; (5) Richard L. Schmalensee, Declaration on Behalf of BellSouth, Second Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Provision of In-Region, InterLATA Services in Louisiana, before the Federal Communications Commission, CC Docket No. 98-171 (July 9, 1998), pp. 7-13; (6) William E. Taylor, "Effects of Competitive Entry in the U.S. Interstate Toll Markets" (August 1991); (7) William E. Taylor, "Effects of Competitive Entry in the U.S. Interstate Toll Markets: An Update" (May 28, 1992); (8) William E. Taylor and Lester D. Taylor, "Postdivestiture Long-Distance Competition in the United States, *American Economic Review*, Vol. 83, No. 2 (May 1993), pp. 185-190; (9) William E. Taylor and J. Douglas Zona, "An Analysis of the State of Competition in Long-Distance Telephone Markets," *Journal of Regulatory Economics*, Vol. 11 (1997), pp. 227-255.

³ Schmalensee, *op. cit.*

A natural question is whether the long distance carriers have also failed to pass through access charge reductions to small business customers.⁴ Bell Atlantic asked NERA to investigate this question. This report presents the findings of the first investigation of access charge pass-through to small business customers.

Using a sample of small business customers, this analysis evaluates the extent to which long distance carriers flowed through to small business customers the FCC-ordered changes in the fees that long distance carriers paid as of January 1, 1998. The analysis accounts for all changes that the FCC ordered—lower per-minute access charges, higher access charges per customer line, and new universal service charges to support telecommunications in low-income/high-cost areas, schools, libraries, and rural healthcare facilities. Based on analysis of the sample data, the conclusions are as follows:

- Net of those fees, the long distance carriers *increased* the average interstate domestic bill for small business customers by about \$0.021 per minute, or 26 percent.
- The carriers failed to pass on to small business customers the large reductions in per-minute access charges, while they more than passed on the higher per-line charges and the new universal service charges.
- The analysis provides no evidence that the long distance carriers would pass on any future decreases in access charges to small business customers.
- If the long distance market for small business customers were effectively competitive, then the long distance carriers would have changed rates by about the same amount as their change in access costs.

If neither residential nor small business customers are benefiting from access charge reductions, the obvious question is “Who *is* benefiting?”

⁴ *Business Week* has questioned whether the long distance carriers have passed through access charge reductions. See “Picking a Phone Plan for Savings,” *Business Week* (September 14, 1998), <http://www.businessweek.com/@@B3eHF2QAofVWwIA/premium/37/b3595064.htm>.

II. METHODOLOGY

The sample of small business customers was drawn from the northeastern states.⁵ Each customer supplied its long distance bills both before and after January 1, 1998. All relevant data from the long distance bill summaries and call detail went into a database, including the details on each call. In the sample data are 28,000 interstate messages, totaling 62,000 minutes, made by 61 small business customers.

Changes in customer bills have three components:

- The bill summaries show the charges that each long distance carrier assessed to recover their Primary Interexchange Carrier Charges (PICC).
- Similarly, the bill summaries show the carriers' recovery of their Universal Service Fund (USF) costs.
- For each customer, analysis of the detailed toll call records revealed whether the customer paid higher, lower, or the same interstate domestic rates before and after January 1st for comparable calls.⁶ Thus, the analysis uses information on interstate toll rates actually paid by each customer, not tariff rates. The change in per-minute toll rates is defined as the difference in rates for a fixed set of interstate domestic calls times the customer's number of interstate domestic minutes.⁷

⁵ National Analyst (a market research survey consulting firm) drew the sample from businesses listed by Dun & Bradstreet as having fewer than 200 employees in Maine, Massachusetts, New York, New Hampshire, Rhode Island, and Vermont. NERA imposed the further restriction that the monthly long distance bill after January 1, 1998, should be less than \$1,000 per month. PNR and Associates (an economic, statistics, and market research consulting firm) coded the data into a database. NERA analyzed the data and thus has sole responsibility for the analysis and interpretation of the data.

⁶ The rates that a customer paid might have changed either because the carrier changed rates or because the customer changed calling plans. There are not many rate changes in the sample; of those, almost all are rate increases. The analysis treats a customer's change of calling plans as if it is a carrier response to the access charges. There are strong reasons why customers' changes in calling plans should *not* be included in such calculations. (See, e.g., William E. Taylor, affidavit on behalf of Bell Atlantic, Tariffs Implementing Access Charge Reform, FCC CC Docket 97-250, ¶¶4-9.) However, in this sample, changes in calling plans have a negligible effect on the results. Thus, the changes were included as a conservative and simplifying assumption.

⁷ The "after" data provide both the fixed set of calls and the number of interstate domestic minutes used in the calculations. This approach avoids numerous distortions that would be introduced by comparing the raw average (continued...)

The total change in bills is the sum of the above three components. For ease of interpretation, each component is expressed per minute of total interstate domestic minutes. The analysis also calculates what the long distance carriers should have paid in per-minute access, PICC, and USF charges for each customer.⁸

FCC orders produced the following changes in interstate access charges and USF charges on January 1, 1998:

- For calls that are switched at both ends, the local exchange carriers reduced the average interstate per-minute access charge from \$0.0518 to \$0.0404 per conversation minute.⁹
- The national average rate for a new monthly PICC charge for business customers is as follows:¹⁰
 - \$0.49 for single-line customers, or
 - \$2.52 per line for multi-line customers.
- The FCC simultaneously eliminated the charge of \$0.53 per line that the long distance carriers had been paying to the National Exchange Carrier Association (NECA) for a high-cost-company fund. Thus, the net change in per-line charges was -\$0.04 for single-line customers, and \$1.99 per line for multi-line customers.
- The USF assessment is as follows:
 - 0.72 percent of interstate, international, and intrastate revenues goes to the schools, libraries, and rural healthcare fund, and

(...continued)

age revenue per minute before and after January 1. For example, average revenue per minute would be distorted by a different mix of calling-card and direct-dialed calls before versus after January 1.

⁸ In some cases, the customer's bill did not yet reflect the pending PICC and USF charges. In such cases, these charges were included based on the carrier's policy or announced plans. This procedure does not strongly affect the results.

⁹ Industry Analysis Division, Common Carrier Bureau, Federal Communications Commission, *Trends in Telephone Service* (July 1998), Table 1.2.

- 3.19 percent of interstate and international revenues goes to the high-cost/low-income fund.

III. RESULTS

In the small-business sample, the table below shows the changes in the average domestic interstate per-minute rates paid by the customers, the pass-through of PICC charges, and the pass-through of USF charges.¹¹ It also shows the changes in the long distance carriers' access and USF costs. All changes are expressed per minute of interstate domestic usage.¹²

**Change in Average Interstate Rates, Access, and USF for Small Businesses
(Per Conversation Minute)**

	(1)	(2)	(3)	(4)= (1)-(2)-(3)
	Change in Average Rates Paid by Customers	Change in Long Distance Carriers' Access Cost	Change in Long Distance Carriers' USF Assessments per Minute	Change in Average Rate Net of Access and USF Cost
Change in per-minute toll rates and per-minute access charges	\$0.003	-\$0.011		\$0.014
Change in per-line charges and PICC (expressed per minute)	\$0.012	\$0.008		\$0.004
Change in USF (expressed per minute)	\$0.009		\$0.007	\$0.003
Total (per minute)	\$0.024	-\$0.003	\$0.007	\$0.021

The most prominent result from the analysis is that the long distance carriers have not passed through to small business customers the large reductions in per-minute access rates.

(...continued)

¹⁰ *Ibid.*, Table 1.1. These figures are the PICC charges averaged for all local exchange carriers.

¹¹ The PICC change in the table is net of the \$0.53 per line assessment paid to NECA that the FCC eliminated on January 1st.

¹² Numbers in the table might not add because of rounding.

Even though the local exchange carriers reduced per-minute access charges by \$0.011 per conversation minute on January 1, the long distance carriers on average increased per-minute toll rates slightly, by \$0.003 per minute. The above table also shows that the long distance carriers are charging their small business customers about 40 percent more in per-line and USF charges than the carriers actually pay.¹³

In total, net of the changes in access charges and USF charges, the long distance carriers increased the bills of their small business customers by \$0.021 per minute—a 26 percent increase in their margins.¹⁴ Thus, as in the case of residential customers, the analysis provides no evidence that the long distance carriers have passed on access charge reductions to small business customers or would pass on any future decreases in access charges to them. A further implication is that the long distance market for small business customers is inadequately competitive.

¹³ Some long distance carriers appear to be charging customers 3.19 percent of their *total* long distance bill—interstate, international, and intrastate combined—for the low income/high-cost fund instead of that percentage times interstate and international charges only.

¹⁴ This result is statistically significant at better than the 1% level; *i.e.*, there is less than a one percent probability that sample results this strong could occur by chance if there were actually no change in rates for the population of small businesses as a whole.